

Message Text

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64

ORIGIN L-02

INFO OCT-01 EUR-12 ISO-00 EB-07 H-02 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 /053 R

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APPROVED BY L/C:FAKWIA TEK

EUR/EE:WSSHEPARD

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R 102136Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST

C O N F I D E N T I A L STATE 053463

E.O. 11652: GDS

TAGS: EFIN, HU

SUBJECT: BOND SETTLEMENT AGREEMENT

REFS: STATE 039695 AND BUDAPEST 0442

1. DEPARTMENT INFORMED WITHIN HOUR THAT DRAFT AGREEMENT CONCLUDED BETWEEN FOREIGN BONDHOLDERS PROTECTIVE COUNCIL, INC. AND THE GOVERNMENT OF HUNGARY DOES NOT PROVIDE FOR SETTLEMENT OF DOLLAR BONDS OF HUNGARIAN MORTGAGE INSTITUTIONS HAVING AN ESTIMATED VALUE OF FIVE MILLION DOLLARS. DEPARTMENT ALSO INFORMED THAT TWO CLAIMANT OWNERS OF ALL SUCH BONDS HAVE NOT COMMUNICATED WITH OFFICIALS OF THE GOVERNMENT OF HUNGARY REGARDING THE MATTER IN THE LAST SEVERAL YEARS. THIS CONNECTION, THE GOVERNMENT OF HUNGARY TOOK THE POSITION AT A JULY 23, 1965, MEETING WITH OFFICIALS OF THE DEPARTMENT THAT THE GOVERNMENT OF HUNGARY WOULD RECOGNIZE SUCH BONDS IF THEY WERE CONTINUOUSLY HELD BY US NATIONALS SINCE 1939.

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2. DEPARTMENT INVESTIGATING MATTER FURTHER. IF INVESTI-

GATION ESTABLISHES FOREGOING, ADDITIONAL EXCEPTION TO
LANGUAGE STATED IN DEPARTMENT'S TELEGRAM UNDER REFERENCE
NECESSARY TO PREVENT FURTHER DIFFICULTIES CONCERNING

ASSURANCES CONNECTED WITH BOND AGREEMENT.

3. WE PLAN TO COMMUNICATE THE FOREGOING TO FOREIGN
BONDHOLDERS PROTECTIVE COUNCIL AND TO HUNGARIAN EMBASSY
ASAP MARCH 11 FOR TRANSMISSION TO AKAR.

4. REQUEST IMMEDIATE REPLY ON QUESTION WHETHER AMENDED
LANGUAGE (STATE 39695) HAS ALREADY BEEN COMMUNICATED TO
GOH. IN EVENT EMBASSY HAS NOT CONVEYED AMENDED LANGUAGE
TO MINISTRY OF FINANCE, REQUEST NO ACTION BE TAKEN UNTIL
RECEIPT OF FURTHER INSTRUCTIONS. INGERSOLL

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Message Attributes

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